

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ST. CLAIR INTELLECTUAL PROPERTY :
CONSULTANTS, INC., :
 :
Plaintiff, :
 :
v. : Civil Action No. 01-557-JJF
 :
SONY CORPORATION, SONY :
ELECTRONICS, INC., and SONY :
CORPORATION OF AMERICA, :
 :
Defendants. :

Frederick L. Cottrell, III and Thomas H. Kovach, Esquires of
RICHARDS, LAYTON & FINGER, Wilmington, Delaware.
Of Counsel: Ronald J. Schutz, Jake M. Holdreith, Becky R.
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DAVID, LITTENBERG, KRUMHOLZ & MENTLIK, L.L.P., Westfield, New
Jersey.

MEMORANDUM OPINION

August 16, 2002
Wilmington, Delaware

FARNAN, District Judge.

Presently before the Court is a Motion For Bifurcation Of Liability And Damages/Willfulness Issues And For A Stay Of Discovery Regarding Damages/Willfulness Issues (D.I. 43) filed by Defendants Sony Corporation, Sony Electronics, Inc., and Sony Corporation of America (collectively "Sony"). For the reasons set forth below, Sony's Motion will be granted in part and denied in part.

I. BACKGROUND

This is a patent infringement action in which Plaintiff St. Clair Intellectual Property Consultants, Inc. (hereinafter "St. Clair") alleges that Sony willfully infringes four of St. Clair's patents by manufacturing, using and selling numerous models of digital camcorders and still cameras. (D.I. 44 at 1). Sony answers these allegations by denying infringement, claiming the patents are invalid, and asserting a laches defense. Sony also asserts counterclaims, including patent misuse and unfair competition.¹ (D.I. 44 at 1).

On March 28, 2002, after discovery had commenced in this action, the Court issued a decision in Novartis Pharmaceuticals Corp v. EON Labs Mfg., Inc., 206 F.R.D. 396 (D.Del. 2002). As a result of the Novartis decision, Sony filed the instant Motion

¹ Originally, Sony also pleaded the defense of estoppel. (D.I. 44 at 1). However, Sony has since withdrawn this defense. (See D.I. 47 at 1).

(D.I. 43) pursuant to Federal Rule of Civil Procedure 42(b), seeking to bifurcate the issues of damages and willful infringement from the other issues in this case.

On July 17, 2002, the Court heard argument on Sony's Motion. During the course of the argument, Sony's counsel represented that Sony intends to rely on opinions of counsel in defense of St. Clair's willfulness claim. (D.I. 80). At the close of the parties' arguments, the Court denied Sony's Motion to the extent it pertains to damages, and ordered Sony's counsel to provide the opinion letters Sony intends to rely upon for an in camera review.² (D.I. 80).

On August 1, 2002, the Court received Sony's opinion letters, as well as other related documents, and has since reviewed them. This Memorandum Opinion will address whether separation of St. Clair's willfulness claim is warranted in the circumstances of this case.

II. DISCUSSION

Counsel for Sony contends that the discovery required by Novartis in the circumstances of this case (i.e. that Sony has elected to present a reliance on advice of counsel defense in response to St. Clair's charge of willfulness, and the fact that Sony's trial counsel authored the legal opinion relied upon)

² The Court agrees with St. Clair that Sony will not suffer any undue prejudice if the liability and damages issues are not bifurcated.

requires that the issue of willfulness be separated for both discovery and trial. (D.I. 44 at 2-4). Specifically, Sony's counsel represents that communications occurred between Sony and its counsel which relate to issues other than willfulness as well as strategies that Sony might undertake with regard to those issues. (D.I. 44 at 2; D.I. 80). According to Sony, in the event the Court fails to separate the issue of willfulness, the disclosure of these communications to St. Clair will result in undue prejudice to Sony. (D.I. 44 at 2-4).

In response, St. Clair contends that separation of the willfulness issue is not warranted in this case. (D.I. 45 at 4). Specifically, St. Clair contends that separation would result in delay and wasteful duplication of discovery. (D.I. 45 at 11-13).

After reviewing the documents submitted by Sony, the Court finds that undue prejudice could result if these otherwise privileged documents were exchanged and used during the trial of the infringement and validity issues. Neither Sony nor St. Clair had the benefit of the Court's Novartis decision when Sony engaged counsel to obtain an infringement opinion. Sony and trial counsel conducted their dialogue without the knowledge that their communications on matters other than infringement could be revealed in litigation. For these reasons, the Court is sensitive to Sony's prejudice claim and will separate willfulness from the other patent issues for both discovery and trial.

III. CONCLUSION

For the reasons set forth above, the Court will grant Sony's Motion For Bifurcation (D.I. 43) to the extent it pertains to willfulness and deny Sony's Motion For Bifurcation (D.I. 43) to the extent it pertains to damages.

An appropriate Order will be entered.

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ORDER

At Wilmington this 16th day of August, 2002, for the
reasons set forth in the Memorandum Opinion issued this date, IT
IS HEREBY ORDERED that:

1. Sony's Motion (D.I. 43) to bifurcate the issue of
willfulness for both discovery and trial is **GRANTED**;
2. Sony's Motion (D.I. 43) to bifurcate the issue of
damages is **DENIED**;
3. Discovery on the issue of willfulness is **STAYED** pending
resolution of the issues of infringement, validity, and
damages.

JOSEPH J. FARNAN, JR.
UNITED STATES DISTRICT JUDGE